

FUND 143

HOMEOWNER AND BUSINESS LOAN PROGRAMS

Agency Mission

The overall goal of the Homeowner and Business Loan program is to enhance the quality of life and economic base of the County by providing support for homeownership, for repair and upgrading of existing housing, and for assistance to small and minority businesses. One focus provides a means and opportunity for low- and moderate-income households to become homeowners in the County through the MIDS program. The second focus provides affordable loans for housing improvement and rehabilitation to qualifying low-income homeowners or homeowners living in areas targeted for improvement, resulting in the elimination of health and safety code violations, enhancing the quality and appearance of existing housing, and retaining existing affordable housing. The third focus provides business assistance and counseling services as well as direct loans to qualified minority businesses.

Agency Summary					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Expenditures:					
Operating Expenses	\$489,845	\$1,088,132	\$5,270,026	\$1,057,951	\$1,057,951
Total Expenditures	\$489,845	\$1,088,132	\$5,270,026	\$1,057,951	\$1,057,951

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2004 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2003:

- ◆ The Board of Supervisors made no changes to the FY 2004 Advertised Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan from January 1, 2003 through April 21, 2003. Included are all adjustments made as part of the FY 2003 Third Quarter Review:

- ◆ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$50 have been reflected as an increase to FY 2002 revenues and audit adjustments in the amount \$15,945 have been reflected as an increase to FY 2002 expenditures.

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County Executive Proposed FY 2004 Advertised Budget Plan

Purpose

Fund 143, Homeowner and Business Loan Programs, is comprised of three programs designed to meet the agency goal as detailed below:

- ◆ The Home Improvement Loan Program (HILP) provides loans to low- and moderate-income individuals to repair, modernize, or expand the living space for their families to help alleviate overcrowded conditions. Funds are also loaned to homeowners who are cited for health and housing code violations, and for replacement housing, if necessary. Grants are provided for low-income elderly or disabled residents through the Elderly Home Repair Program to make needed repairs and provide for handicapped accessibility, to prevent displacement, and to allow these individuals to live in safe and sanitary housing. County appropriated funds within the Homeowner and Business Loan Programs are used in conjunction with bank funds budgeted in Fund 945, Non-Appropriated Rehabilitation Loans, and Federal funding in Fund 142, Community Development Block Grant, to increase the assistance available to County residents.
- ◆ The Moderate Income Direct Sales (MIDS) program is designed to provide affordable homeownership opportunities for low- to moderate-income families who otherwise could not afford to purchase a home. Established in 1978, this program funds second trust loans up to \$15,000. These loans are repaid when the home is resold. The second trust allows the sales price to be affordable to families who would not normally qualify for home ownership. As initially established, MIDS units acquired or constructed by the Fairfax County Redevelopment and Housing Authority (FCRHA) were sold to moderate income families, and the purchase was made possible by the provision of the second trust loans. The resale price of the unit is limited, and the FCRHA has the right of first refusal when the home is resold.
- ◆ The Small and Minority Business Loan program was initiated in FY 1996. Fund 143, Homeowner and Business Loan Programs, was expanded to include the receipt of Federal funds for operation of the Small and Minority Business Loan program. The program provides loans to qualified small and minority businesses. Program funds are administered by the Community Business Partnership (formerly the South Fairfax Regional Business Partnership, Inc.) through an agreement with the Department of Housing and Community Development. Loan repayments from the business loans will be received as revenue in Fund 143, Homeowner and Business Loan Programs, and will be used to pay debt service on the Section 108 Loan 7.
- ◆ Program income from the HILP and MIDS programs will provide direct loans as well as administrative support for the five positions that administer the programs, consistent with the business plan approved by the FCRHA and the Board of Supervisors.

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FY 2004 Initiatives

- ◆ Provide loans to low- and moderate-income individuals to repair, modernize, or expand the living space for their families to help alleviate overcrowded conditions.

An amount of \$488,682 is included to support the Home Improvement Loan Program (HILP) in FY 2004. Expenditures are fully supported by program income that is anticipated to be received from loans made in prior years. The FY 2004 recommended funding level will provide \$22,000 to support the elderly home repair program, \$350,011 to provide for new rehabilitation loans, and \$116,671 to provide administrative support (staff costs are budgeted in Fund 940, FCRHA General Operating). The FY 2004 funding level represents an increase of \$33,531 over the FY 2003 Adopted Budget Plan based on anticipated revenue for FY 2004.

- ◆ Present affordable homeownership opportunities for low- and moderate-income families who otherwise could not afford to purchase a home.

An amount of \$497,269 is included in FY 2004 for the Moderate Income Direct Sales Program (MIDS). This funding will allow for retention of housing units in the program as turnover occurs during the year. No new MIDS units are funded in FY 2004. Of the total MIDS funding, an amount of \$106,326 will be used to support the administrative costs associated with the program (budgeted in Fund 940, FCRHA Operating). The FY 2004 funding level represents a decrease of \$15,712 from the FY 2003 Adopted Budget Plan based on projected repayment receipts.

- ◆ Make available loans to qualified small and minority businesses.

An amount of \$72,000 is included in the Business Loan Program. This represents the FY 2004 debt service payment projected on the original \$1.0 million Federal Section 108 Loan 7. The expenditure is fully supported by the repayment of business loans.

Funding Adjustments

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan since the passage of the FY 2003 Adopted Budget Plan. Included are all adjustments made as part of the FY 2002 Carryover Review and all other approved changes through December 31, 2002:

- ◆ As part of the *FY 2002 Carryover Review*, the Board of Supervisors approved an increase of \$4,181,894 due to the carryover of unexpended program balances in FY 2002.

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FUND STATEMENT

Fund Type H14, Special Revenue Funds

Fund 143, Homeowner and
Business Loan Programs

	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Beginning Balance	\$2,385,922	\$82,145	\$2,728,758	\$82,145	\$66,250
Revenue:					
Program Income (MIDS)	\$262,477	\$512,981	\$807,294	\$497,269	\$497,269
County Rehabilitation Loan Repayments	483,882	455,151	403,843	488,682	488,682
Business Loan Program ¹	86,322	120,000	1,396,381	72,000	72,000
Total Revenue	\$832,681	\$1,088,132	\$2,607,518	\$1,057,951	\$1,057,951
Total Available	\$3,218,603	\$1,170,277	\$5,336,276	\$1,140,096	\$1,124,201
Expenditures:					
Rehabilitation Loans and Grants	\$247,138	\$455,151	\$1,948,069	\$488,682	\$488,682
Water Extension and Improvement Projects	0	0	52,867	0	0
Moderate Income Direct Sales Program (MIDS)	135,435	512,981	1,955,990	497,269	497,269
Business Loan Program ¹	107,272	120,000	1,313,100	72,000	72,000
Total Expenditures	\$489,845	\$1,088,132	\$5,270,026	\$1,057,951	\$1,057,951
Total Disbursements	\$489,845	\$1,088,132	\$5,270,026	\$1,057,951	\$1,057,951
Ending Balance	\$2,728,758	\$82,145	\$66,250	\$82,145	\$66,250

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$50 have been reflected as an increase to FY 2002 revenues and audit adjustments in the amount \$15,945 have been reflected as an increase to FY 2002 expenditures. These adjustments have been included in the FY 2002 Comprehensive Annual Financial Report (CAFR).